

Automobile

MAA TIV Sep 25: Sales Down mom, But Flat yoy

Highlights

- MAA's TIV for Sep 25 declined mom to 58,490 units due to fewer working days; a significant drop in sales volume was recorded across Japanese marques.
- We expect TIV to improve in the coming months, supported by new model launches, aggressive promotional campaigns and forward purchase of EVs ahead of the expiry of tax incentives. Hence, we raise our 2025 TIV projection to 780,000 units (previously 760,000 units).
- That said, we maintain UNDERWEIGHT on the sector as competition remains intense and there is limited earnings upside for companies under our coverage.

Analysis

MAA TIV Sep 25

	Sep 25	mom % chg	yoy % chg	9M25	yoy % chg
Passenger	53,352	(22.4)	0.3	536,122	(1.7)
Commercial	5,138	(10.5)	(0.5)	43,214	(14.2)
TIV	58,490	(21.5)	0.2	579,336	(2.8)

Source: MAA, UOB Kay Hian

- Sep 25 sales down mom due to fewer working days.** The Malaysia Automotive Association's (MAA) total industry volume (TIV) for Sep 25 came in at 58,490 units (-21.5% mom, +0.2% yoy). Passenger vehicle sales was 53,352 units (-22.4% mom), while commercial vehicle sales totalled 5,138 units (-10.5% mom). The mom decline in Sep TIV was largely within expectation due to fewer working days in September and customers' wait-and-see approach towards the announcement of key national policies such as subsidy rationalisation and Budget 2026. Cumulatively, 9M25 TIV of 579,336 accounts for 75% of our 2025 TIV forecast.
- National brands declined in Sep 25.** Perodua's sales dropped 27% mom to 23,394 units, down 1% yoy. Proton managed to record a slower decline in sales volume (-14% mom), supported by positive sales of its SUV models. For 9M25, Perodua's cumulative sales contracted by 2% yoy to 255,094 units but is still on track to meet its annual sales target of 345,000 units. Proton's total sales was largely flattish yoy at 110,215 units as the brand continued its positive sales momentum in 2H25 despite a slow start in 1H25.
- Non-national brands contracted after recording strong sales in Aug 25.** A significant decline in sales volume was recorded across Japanese marques, namely Honda (-26% mom and yoy) to 4,329 units, Toyota (-6% yoy, -12% mom) to 5,387 units and Mazda (-22% yoy, -12% mom) to 702 units. Meanwhile, Chinese brands continued their positive momentum, recording stronger sales figure yoy albeit with softer volume mom. Chery saw a 13% increase in sales volume yoy to 1,120 units while BYD doubled its sales volume yoy to 1,091 units. Jaecoo registered sales of 1,063 units, which dropped 44% mom due to a high base in August.

Peer Comparison

Peer Comparison													
Company	Ticker	Rec*	Price	Target	Upside	Last	PE			Yield	ROE	Market	Price/
			21 Oct 25	Price	To TP	Year	2025A	2026E	2027E	2026E	2026E	Cap.	NAV ps
			(RM)	(RM)	(%)	End	(x)	(x)	(x)	(%)	(%)	(RMm)	(x)
SIME DARBY BERHAD	SIME MK	HOLD	2.11	2.06	-2.3	06/26	12.4	12.5	11.6	6.2	6.1	14,380	0.7
BERMAZ AUTO BHD	BAUTO MK	SELL	0.66	0.55	-16.7	04/26	4.7	8.8	7.9	6.9	12.1	774	1.1
PECCA GROUP BHD	PECCA MK	HOLD	1.36	1.53	12.5	06/26	17.7	16.4	13.2	4.8	28.0	1,025	4.6

Source: Bloomberg, UOB Kay Hian

UNDERWEIGHT
(Maintained)

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Segmental Rating

Segment	Rating
Malaysia	UNDERWEIGHT (Maintained)

Source: UOB Kay Hian

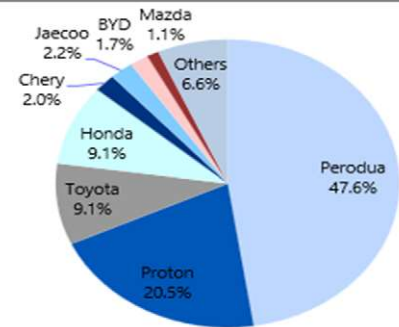
Sector Picks

Company	Ticker	Rec	Share Price (RM)	Target Price (RM)
Pecca	PECCA MK	HOLD	1.36	1.53

Source: Bloomberg, UOB Kay Hian

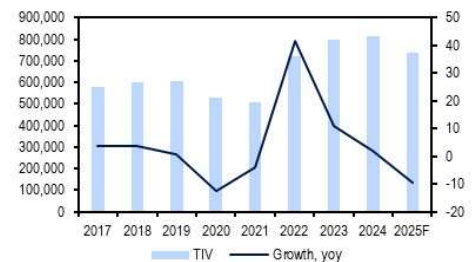
- Competition from Chinese brands to remain intense.** Chinese brands continue to expand their presence in the local market through aggressive pricing strategies and a steady influx of new models at the expense of Japanese marques (mainly Mazda). Chery and Jaecoo have a combined market share of 4% as of end-Sep 25, leading the sales volume among Chinese brands. We expect both brands to continue gaining market share following the recent launch of Chery's refreshed PHEV models as well as the anticipated launch of another three Jaecoo models in the near term.
- Budget 2026: Neutral impact on auto sector.** Budget 2026 continued to uphold support for national brands with the introduction of a matching grant for the disposal of old vehicles aged over 20 years old and the purchase of new national cars. This would be beneficial to Perodua and Proton, but the overall impact on their sales volume is expected to be minimal. However, the absence of EV incentives as compared with the previous budget was a surprise, as we had been expecting further incentives to be rolled out. The Ministry of Finance has also confirmed that the excise duty exemption for completely built-up (CBU) EVs, which is set to expire by end of this year, will not be continued. Nonetheless, we noted that there is an ongoing discussion between the government and industry players regarding the introduction of alternative incentives to stimulate demand for EVs.
- National brands to drive EV sales moving forward.** Proton e.Mas 7 maintained its position as the country's top-selling EV model with total sales of 6,212 units as of Sep 25, according to vehicle registration data released by the road transport department (JPJ). Proton is also expected to officially launch its second EV model, Proton e.Mas 5, by the end of October, which has received positive booking numbers during its first week of order taking. Meanwhile, Perodua's EV is slated to be introduced by the end of this year. Due to the pricing advantage held by the national EVs, we believe these models will gain traction in the mass market and will drive the overall EV sales in 2026 despite the lack of incentives provided.
- Increase 2025 TIV forecast to 780,000 units (previously 760,000 units).** Despite the softer sales figure in Sep 25, we expect TIV to bounce back in October and gradually pick up towards the year-end, supported by new model launches, aggressive year-end promotional campaigns and forward purchase of EVs ahead of the expiry of its tax incentives. Hence, we raise our 2025 TIV projection to 780,000 units, which would translate into a 4.4% yoy decline, to account for the expected jump in sales volume towards the year-end.

Market Share As Of End-Sep 25



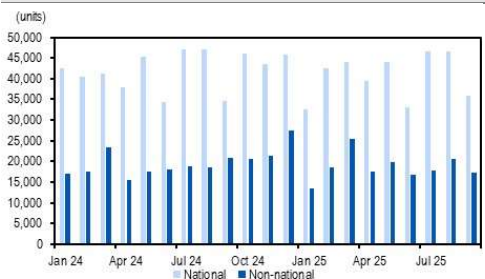
Source: MAA

Yearly TIV Numbers



Source: MAA, UOB Kay Hian

National And Non-National Vehicles



Source: MAA

Valuation/Recommendation

- We maintain our UNDERWEIGHT rating on the sector** as competition remains intense in the local market, which will limit margin recovery and earnings upside for companies under our coverage. The sector is trading at 10.5x, which is close to its -0.5SD of five-year historical mean. We deem this fair given the muted earnings outlook, and upside potential might be capped in the near term. We continue to favour players with strong value positioning and resilient mass market demand, such as Perodua, despite the cautious outlook. Our preferred pick remains Pecca Group (Pecca).

Sector Catalyst/Risk

- Stronger-than-expected TIV numbers.
- Major incentives from the government to accelerate EV adoption.

Top Key Marques YTD

Make	Sales (Units)		Market Share (%)		Ranking	
	Jan-Sep 25	Jan- Sep 24	Jan-Sep 25	Jan- Sep 24	Jan-Sep 25	Jan- Sep 24
Perodua	255,094	260,361	44.0	43.7	1	1
Proton	110,153	110,215	19.0	18.5	2	2
Toyota	48,745	52,670	8.4	8.8	3	4
Honda	48,697	59,396	8.4	10.0	4	3
Jaecoo	11,862	2,204	2.0	0.4	5	n/a
Chery	10,758	9,859	1.9	1.7	6	6
BYD	9,319	6,006	1.6	1.0	7	8
Mazda	6,051	11,656	1.0	2.0	8	5
Others	34,986	35,368	6.1	5.6	n/a	n/a
Passenger	536,122	545,531	92.5	91.6		
Commercial	43,214	50,352	7.5	8.4		
TIV	579,336	595,883	100	100		

Source: UOB Kay Hian

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